

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

CIEP-03 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 NSC-07 SS-20 PA-04 USIA-15 PRS-01 DRC-01 /181 W

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R 041826Z SPE 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7411

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGE

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION GENEVA

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: ETRD, EEC, EAGR

SUBJECT: EC COUNCIL MEETING (AGRICULTURE) - SEPTEMBER 3

1. BEGIN SUMMARY: AT ITS SEPTEMBER 3 MEETING, THE EC COUNCIL OF
MINISTERS (AGRICULTURE) MADE ONLY ONE DECISION: TO HOLD A MARATHON
MEETING BEGINNING SEPTEMBER 17 TO REACH DECISIONS ADJUSTING THE
1974/75 CAP SUPPORT PRICES AND TO TAKE DECISIONS ON OTHER MEASURES
TOIMPROVE AGRICULTURAL INCOMES. THE SEPTEMBER 17 MEETING WILL
TAKE THE PLACE OF THE PREVIOUSLY-SCHDULED SEPTEMBER 23 MEETING.
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THE OBVIOUS REASON FOR NO FURTHER DECISIONS WAS THE DISPARITY OF VIEWS AMONG THE MEMBER STATES ON HOW TO COME TO GRIPS WITH A WORSENING AGRICULTURAL SITUATION. END SUMMARY.

2. CHARACTERIZING THE SEPTEMBER 3 SESSION AS ONLY A PREFACE TO THE NEXT COUNCIL MEETING, COUNCIL PRESIDENT BONNET (THE FRENCH MINAG) STRESSED IN HIS SUMMING UP THAT IT HAD NEVER BEEN AGREED THAT THE EC MEMBER STATES WOULD TAKE ACTION THIS EARLY. THE COUNCIL DID AGREE THAT IT WOULD MEET IN SEPT 17 TO DEAL WITH SUPPORT PRICES, MONETARY MATTERS, AND OTHER MEASURES AFFECTING FARM INCOME. EC COUNCIL PRESIDENT BONNET STRESSED THE FOLLOWING FACTORS AS REASONS FOR NOT TAKING ANY ACTION ON SUPPORT PRICE INCREASES NOW: THE MEMBER STATES HAD NOT HAD SUFFICIENT TIME TO CONSULT; THE COMMISSION HAD NOT MADE FORMAL PROPOSALS; AND THE EUROPEAN PARLIAMENT HAD NOT HAD TIME TO GIVE ITS VIEWS BEFORE THE COUNCIL MEETING. BONNET ASKED THE COMMISSION TO PRESENT A FORMAL PROPOSAL TO THE COUNCIL SOON AND IN TIME FOR CONSIDERATION BY A SPECIAL SESSION OF THE EUROPEAN PARLIAMENT BEFORE SEPTEMBER 71.

3. PRIOR TO THE COUNCIL MEETING THE COMMISSION HAD PRESENTED A MEMORANDUM SUGGESTING THE FOLLOWING COUNCIL ACTIONS: A FOUR PERCENT INCREASE EFFECTIVE OCTOBER 1 IN THE 1974/75 CAP SUPPORT PRICES; A 7.5 PERCENT DEVALUATION OF THE IRISH AND UK "GREEN" POUNDS (WHICH WOULD MEAN A 7.5 PERCENT INCREASE IN IRISH AND UK SUPPORT PRICES); IMPLEMENTATION OF THE HILL HARMING DIRECTIVE; AND CHANGES IN THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS. THE COMMISSION ANNOUNCED IN ITS MEMORANDUM THAT IT INTENDS TO SUBMIT THE 1974/75 PRICE PROPOSALS TO THE COUNCIL IN NOVEMBER. THE TEXT OF THIS MEMORANDUM FOLLOWS BY AIRGRAM.

4. IN THE COUNCIL DISCUSSION FRANCE PRESSED FOR A DIFFERENTIATED SUPPORT PRICE INCREASE. THE NETHERLANDS WANTED A FOUR PERCENT INCREASE IN SUPPORT PRICES ACROSS THE BOARD. BELGIUM, LUXEMBOURG AND IRELAND FAVORED INCREASES IN EXCESS OF FOUR PERCENT. GERMANY HAD NO MANDATE AND THEREFORE COULD NOT TAKE A POSITION. THE UK QUESTIONED THE VALUE OF ACROSS-THE-BOARD INCREASES. IT CONSIDERED THAT CERTAIN NATIONAL MEASURES IN SPECIFIC AREAS SUCH AS THE DIARY AND PROT SECTORS WOULD BE MORE EFFECTIVE. ITALY AND DENMARK ALSO HAD RESERVATIONS CONCERNING THE BENEFITS OF PRICE IN-LIMITED OFFICIAL USE

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CREASES AS A MEANS OF AIDING FARMERS. (COPA HELD A PRESS CONFERENCE WHILE THE COUNCIL WAS IN SESSION TO RECOMMEND STRONGLY AN EIGHT PERCENT INCREASE IN FARM PRICES.)

5. THE FRENCH AND ITALIAN MINISTERS CALLED FOR CONTINUING THE BEEF EMBARGO PAST THE OCTOBER 31 PERMANENT DATE.

6. IRELAND WANTED THE "GREEN" POUND DEVALUED BY 15 PERCENT TO INCREASE ITS SUPPORT PRICES INSTEAD OF THE 7.5 PERCENT DEVALUATION SUGGESTED BY THE COMMISSION. AFTER THE COUNCIL MEETING, UK MINISTER PEARTN, IRISH MINISTER CLINTON AND LARDIONIS DISCUSSED THE QUESTION OF THE REPRESENTATIVE RATE BETWEEN THE UNIT OF ACCOUNT AND THE POUND STERLING AND THE IRISH POUND . NO AGREEMENT WAS REACHED.

7. LARDINOIS GAVE THE COUNCIL A REPORT ON HIS RECENT CONSULTATIONS WITH SECRETARY BUTZ IN THE US. THE AGRICULTURAL MINISTERS AGREED THAT THIS CONSULTATION WAS BOTH GOOD AND OPPORTUNE BUT MADE NO SUBSTANTIVE COMMENTS.

8. UK MINISTER PEARTY DISCUSSED IN A GENERAL WAY HIS CURRENT NEGOTIATIONS WITH GUYANA AND AUSTRALIA TO ASSURE UK SUGAR SUPPLIES. HE QUESTIONED WHETHER EC SUGAR BEET PRODUCTION COULD MEET EC CONSUMPTION REQUIREMENTS. PEARTH WOULD NOT REVEAL ANY SPECIFICS ON THE GUYANA-AUSTRALIA NEGOTIATIONS, BUT AFTER THE MEETING, ANOTHER UK OFFICIAL STATED THAT OBVIOUSLY THERE WERE ONLY TWO CHOICES THAT THE BRITISH COULD MAKE IN THEIR NEGOTIATIONS ON SUGAR: (1) SHORT-TERM ARRANGEMENT AT APPROXIMATE WORLD PRICES; (2) LONG-TERM ARRANGEMENTS AT LOWER PRICES.

9. THE AGRICULTURAL MINISTERS APPARENTLY SPENT A GREAT DEAL OF TIME DRAFTING THEIR SHORT COMMUNIQUE (TEXT IN SEPTEL) IN THE HOPES OF MAKING IT SOUND AS IF THEY MADE CONCRETE PROGRESS, FULLY REALIZING THAT THE AGRICULTURAL COMMUNITY WOULD BE DISSATISFIED WITH THE MEAGER RESULTS OF THE MEETING.
GREENWALD

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